

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Governmental Oversight and Accountability Committee

BILL: CS/SB 2378

INTRODUCER: Governmental Oversight and Accountability Committee and Senator Altman

SUBJECT: Florida's One-Stop Business Connect Act

DATE: April 7, 2010

REVISED: _____

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. O'Callaghan	Cooper	CM	Favorable
2. McKay	Wilson	GO	Fav/CS
3. _____	_____	GA	_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|--|---|
| A. COMMITTEE SUBSTITUTE..... | <input checked="checked" type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input type="checkbox"/> | Significant amendments were recommended |

I. Summary:

This bill creates the "Florida's One-Stop Business Connect Act," to create a workgroup to develop a plan for providing an efficient, online, self-service method for individuals to access state requirements for starting and operating a business, by July 1, 2012. Later, the portal may be used to access local requirements for starting and operating businesses.

This bill requires the Governor to establish a One-Stop Business Connect Workgroup composed of representatives from the Agency for Health Care Administration, Department of Business and Professional Regulation (DBPR), Department of Children and Family Services, Department of Health, Department of State, and Department of Revenue, chaired by the Secretary of DBPR.

The workgroup must:

- Compile an inventory of all required business licenses, certifications, and registrations.
- Compile relevant rules and laws associated with each participating agency.
- Analyze each participating agency's licensing, certifying, or registering process and identify any duplicative, inefficient, or ineffective processes.
- Recommend standardization and automation of licensing, certification, and registration processes if appropriate.

- Submit a plan by December 15, 2010, to identify the business requirements, online connection costs, systemwide objectives, governance structure, accountability measures, methods for stakeholder input, issues that need to be addressed before the technology may be implemented, and issues that need to be addressed so local governments can use the portal.

This bill creates an undesignated section of the Florida Statutes.

II. Present Situation:

Master Business Index¹

An individual wanting to start a business in Florida may have to interact with multiple state agencies to obtain needed registrations, licenses, and tax certificates, which may be frustrating and time-consuming. For example, a contractor starting a construction company may need to obtain a professional license from the Department of Business and Professional Regulation, apply for tax certificates with the Department of Revenue, and register their corporation with the Department of State. In addition, many of the agencies require the same basic identification information for individuals, but because each agency keeps its information in a certain format and tracks businesses in different ways, the information may be inconsistent across state agencies.

The 1997 Legislature recognized how inefficient and ineffective it was for individuals, wanting to start a business, to apply for licenses and register with multiple agencies, while providing much of the same information to each agency. In response, the Legislature enacted the Florida Business Coordination Act to require development of a master business index to streamline the business start-up process.² This act directed the Department of State to develop the master business index, which was to consolidate all business entity records maintained by state agencies and assign a single identifying number to each business to enable agencies to share and easily retrieve business registration and license information.³

The Legislature modified the act in 1999, to require participating agencies to use, contribute, and share information through the master business index.⁴ However, the act does not require state agencies to participate. In addition, the act requires the master business index to serve as a central index of business entities and list all licenses and registrations held by a business with any participating agency.⁵ The Legislature also required the Department of State to create a uniform business report for collecting and updating data for the master business index.⁶

In 1999, the department created a single business identifier to meet the requirements of the act. However, because no other agency volunteered to participate in this effort, the business identifier is used only by the Department of State and it cannot yet be used to access business registration

¹ The Present Situation is adapted from the Office of Program Policy Analysis & Government Accountability Report No. 10-22, published February 2010, and available at <http://www.oppage.state.fl.us/MonitorDocs/Reports/pdf/1022rpt.pdf>.

² Chapter 97-15, L.O.F.

³ *Id.*

⁴ See s. 606.04(1)(b), F.S.

⁵ Section 606.04(1)(a), F.S.

⁶ Section 606.06, F.S.

or license information from other agencies. Also, in 2000 the department implemented a Uniform Business Report to list registration and licensure information for each business. However, because no other agency has participated, only the Department of State's data are included in the Uniform Business Report.

In 2009, the department renewed its efforts to implement the act by initiating a pilot project with the Department of Business and Professional Regulation (DBPR). The two agencies have agreed to share information related to licensed construction businesses. The Department of State has developed a master business index database that DBPR can access to obtain information. As of January 2010, the database had been populated with a test set of corporate data, and once test protocols are completed the database will be fully populated with the Department of State data. Once completed, the database will contain demographic information on entities registered with the Department of State and construction licensure information maintained by DBPR. This information will be searchable by a single business identifier assigned to each entity. The department reports that when the pilot is completed, it should be able to integrate information from other agencies interested in participating in the effort.

Agency Consolidation

Over the last decade, the state has considered several proposals to consolidate and streamline state agency business-related functions.

In 1999, the Senate Committee on Governmental Oversight and Productivity reviewed the reorganization of the Florida Cabinet structure to assess the status and jurisdiction of four departments that were headed by individual cabinet officers.⁷ The review proposed dismantling the Department of State and redistributing its programs to other agencies, including merging the Division of Corporations functions into the Department of Business and Professional Regulation.

In 2003, the Legislature considered a proposal to abolish both the Department of State and the Department of Community Affairs to create the Department of State and Community Affairs.⁸ The intent of this change was, in part, to promote a positive business climate by maintaining efficient and effective business registration activities and to promote the economical and efficient management of public records.

Additionally in 2003, the Governor's Office of Policy and Budget examined the feasibility of merging the Division of Corporations and the Department of Revenue's General Tax Administration program. The study concluded that the entities had similar processes, and integration or merger would increase awareness of tax obligations by corporations.

In 2008, the Senate Committee on Commerce's Sunset Review of the Division of Corporations examined previous efforts to merge the division with other entities and recommended continuing to evaluate the efficacy of transferring some or all of the division's responsibilities to the

⁷ These agencies included the Department of Banking and Finance, the Department of Education, the Department of Insurance, and the Department of State. See *Interim Project Report 2000-52*, available at http://www.flsenate.gov/data/Publications/2000/Senate/reports/interim_reports/pdf/00-52go.pdf.

⁸ House Bill 1687 – Governmental Reorganization.

Department of Revenue and re-evaluating the feasibility, value, and associated costs of implementing a Master Business Index.⁹

State Online One-Stop Business Portals

Several states have developed web portals that make it easier for individuals wanting to start a business to obtain needed start-up licenses, permits, and registrations.¹⁰ These one-stop portals allow applicants to enter business-related information one time, which is then shared with all participating agencies and automatically used to complete these agencies' existing application processes. After completing the online registration process, applicants receive the information and documents necessary to begin operating their business.

Michigan has recently recognized the importance of having an online resource for individuals wanting to start a business. Beginning in 2007, Michigan's governor sought to improve the state's business climate by reducing the time it takes businesses to begin operating and to simplify their transactions with state agencies. Michigan's enterprise-wide technology agency led the system design and implementation effort for the online business portal, which became operational in March 2009 at an estimated cost of between \$5 million and \$10 million. The online portal helps applicants determine what business registrations, permits, and licenses they will need; file the needed information online; and obtain tax statements and pay taxes. The web portal also enables businesses to contact a call center for additional information and assistance.

III. Effect of Proposed Changes:

Section 1 creates an undesignated section of law to create the "Florida's One-Stop Business Connect Act." This act proposes to create a workgroup to develop a plan to establish an online business portal, using "MyFlorida.com," to provide an efficient and effective online, self-service method for individuals to access state requirements for starting and operating a business.

The bill contains the following findings:

- Individuals who start and operate businesses in Florida must interact with multiple state agencies to obtain licenses, registrations, and tax certificates, which can be time-consuming and frustrating for individuals starting or owning a business.
- Individuals starting or owning a business must provide similar information to multiple agencies.
- Start-up processes with state agencies are cumbersome and place avoidable burdens on individuals seeking to start a business or on those existing business owners.
- The process for starting a business should be streamlined and the state's effort to do so should be phased, deliberative, and collaborative.

⁹ Agency Sunset Review of the Division of Corporations of the Department of State, Florida Senate Committee on Commerce, Issue Brief 2009-308, October 2008, available at http://www.flsenate.gov/data/Publications/2009/Senate/reports/interim_reports/pdf/2009-308cm.pdf.

¹⁰ Examples of state online business portals are available at: <https://onestop.delaware.gov/osbr/public/Home.jsp> (Delaware); <https://hbe.ehawaii.gov/BizEx/home.eb.jsessionid=46BFDDCD043078368B98D245411D14EF.liona> (Hawaii); <http://www.michigan.gov/business> (Michigan); <http://licenseinfo.oregon.gov/> (Oregon); <https://www.scbos.sc.gov/> (South Carolina); <https://secure.utah.gov/osbr-user/user/welcome.html> (Utah); and <http://www.dol.wa.gov/forms/700028.html> (Washington).

The bill provides that it is the intent of the Legislature to establish an online business connection by July 1, 2012. Once the connection is operational, it is the intent of the Legislature that local governments make local requirements for starting and operating businesses available through the portal.

In order to do so, this bill requires the Governor to establish a One-Stop Business Connect Workgroup composed of at least an agency head, or designee, from the Agency for Health Care Administration, Department of Business and Professional Regulation, Department of Children and Family Services, Department of Health, Department of State, and Department of Revenue. The Secretary of Business and Professional Regulation is the chair of the workgroup and staff from participating agencies will provide support for the workgroup. The workgroup may consult other state agencies and may use the services of other consultants.

The workgroup must:

- Compile an inventory of all business licenses, certifications, and registrations, required by each participating agency.
- Compile relevant rules and laws associated with each participating agency.
- Analyze each participating agency's licensing, certifying, or registering process and identify any duplicative, inefficient, or ineffective processes.
- Recommend standardization and automation of licensing, certification, and registration processes, if appropriate.
- Submit a plan by December 15, 2010, to the Governor, the President of the Senate, and the Speaker of the House of Representatives, to identify the business requirements; costs associated with implementation of the online connection; clear systemwide objectives, a governance structure, accountability measures, the potential to include stakeholder suggestions, issues that need to be addressed before the technology may be implemented, and issues that need to be addressed so that local governments can use the state's business licensing portal.

Section 2 provides that the bill becomes effective upon becoming a law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

If an online business portal is eventually established, it would provide efficiencies to individuals in the private sector, who either want to start a business or own a business.

C. Government Sector Impact:

Any agency participating in the One-Stop Business Connect Workgroup or any agency consulted by the workgroup may incur expenses related to planning for the implementation of the online business portal.

Should the online business portal be established, any agency that offers its licensing, registration, or certification requirements and forms on the portal may realize efficiencies related to fewer errors on applications and electronic information sharing.

VI. Technical Deficiencies:

None.

VII. Related Issues:

“Workgroups” are not defined in ss. 20.03 or 20.052, F.S., though the Legislature has occasionally created them. It appears that the entity created by this bill most closely resembles a “council” or “advisory council.”

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Governmental Oversight and Accountability on April 6, 2010:

The committee substitute:

- Changed from July 1, 2014, to July 1, 2012, the date on which the online connection should be established.
- Changed from February 15, 2011, to December 15, 2010, the date by which the workgroup’s plan should be submitted.
- Added a requirement that local governments be able to use the state connection for local business licensing requirements, and that the workgroup address in their plan the issues needed to be addressed so that local governments could use the connection.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
